



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

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SENSITIVE

MEMORANDUM

February 3, 2012

TO: The Commission

THROUGH: Alec Palmer *AP*
Staff Director

FROM: Patricia Carmona *PC*
Chief Compliance Officer

Lynn M. Frase *LF*
Director, ADR Office

BY: Krista J. Roche *KJR*
Assistant Director, ADR Office

SUBJECT: ADR 585 Kansas Republican Party and T.C. Andersen, Treasurer.
Recommendation to Approve Settlement Agreement

RESOLUTION TERMS: Designate a compliance specialist; draft and certify implementation of internal control procedures consistent with the Commission's Best Practices for Committee Management (2009 update); file an annual certification of Committee's audit of reports and banking records for calendar years 2011; and pay a civil penalty of \$6,500.

Attached for your review is a signed negotiated ADR Settlement Agreement pertaining to **ADR 585 (AR 11-02)**. The ADR Office received this referral on August 15, 2011.

SUMMARY: The Audit Division referred the Kansas Republican Party and T.C. Andersen, Treasurer. (Respondents or the Committee) for misstatements of financial activity and receipt of a prohibited contribution uncovered by an audit of 2007-2008 election cycle, specifically Findings 1 and 2 of the Final Audit Report approved on May 26, 2011. Finding 1 concludes that the Committee misstated financial activity during 2007 and 2008. Finding 2 concludes that the Committee

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received a prohibited contribution from a limited liability company that elected to be treated as a corporation for taxation purposes.

In response to the Interim Audit Report, the Committee amended its reports correcting the misreporting described in Finding 1. With regard to Finding 2, the Committee acknowledged that it errantly deposited this contribution from a limited liability company treated as a corporation for taxation purposes to its federal account rather than its nonfederal account. The contribution was transferred to the nonfederal account in order to resolve the issue.

RECOMMENDATIONS:

1. Approve the attached settlement agreement of the Kansas Republican Party and T.C. Andersen, Treasurer.
2. Approve the appropriate letters.
3. Close the file on this matter.

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